

WORKERS COMPENSATION BOARD OF INDIANA

**2016 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 23, 2015

Please note assessments greater than \$1,000 may be paid in two installments.

The due dates are:

January 29, 2016

June 30, 2016



STATE OF INDIANA

MICHAEL R. PENCE, Governor

Linda Peterson Hamilton, Chairman

WORKERS COMPENSATION BOARD

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<http://www.in.gov/workcomp>

SECOND INJURY FUND REPORT

By the Chair

AND ASSESSMENT FOR 2016

December 23, 2015

As we begin 2016, I am happy to report the Second Injury Fund will end the year with \$1,598,622 in the bank. Less than \$10,000 was taken from the Prudent Reserve in 2015. For the first time in my 10 year tenure, our collections exceeded the assessment, if ever so slightly. This is a good sign for the business climate in Indiana, as it means more businesses now exist and are paying into the Fund than in 2013. Our assessment had been \$7,863,857 and we collected \$7,880,341. \$6,681,691 was paid out in benefits and expenses.

The assessment for 2016 is significantly less than that of 2015. With direct written premiums up, and losses paid by both self-insureds and carriers down, all should be writing smaller (hopefully via e-checks) amounts this year.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the ICRB as well as self-insured factors taken from new and renewal applications for 2014. Historical data regarding Fund payouts can be found on the last page.

We expect indemnity payments from the Fund to increase slightly in 2016 as new injured workers are added to the rolls at wages greater than those of the deceased recipients. Twenty-one recipients died in 2015 and eight were added. However, the cost of prosthetics in 2015 was once again the wild card. The variations in the years are not as pronounced as they used to be, with the increased cost of newer artificial members. As always, we continue to replace limbs with the "Chevy" not "Cadillac" model. With all of the uncertainty, our prudent reserve for prosthetics is a total of the three highest months in 2015.

A few years ago, the Board began tracking the quarterly time commitment of each staff member who works on SIF issues, as well as other factors such as IT expenses, postage and printing. The administrative expense assessed in 2016 will remain the same as in 2015.

Payments will be due on January 29th and June 30th, if you choose to use the installment option. This option is no longer available if your total assessment is less than \$1,000. No reminder will be sent before the June due date. We also encourage you to take advantage of the State's new electronic payment system, which you can access at <http://www.in.gov/wcb>. This will be mandatory beginning in 2017.

Please call Mary Taivalkoski or me if you have questions or comments regarding the assessment, report, or the Fund.

Wishing you good health, happiness, peace, and prosperity in the 2016.

Yours very truly,



Linda Peterson Hamilton

2nd INJURY FUND REPORT

December 23, 2015

Available Fund Balance 12/31/14	932,832
Revenue from 2015 Assessment	7,880,341
Total Available Monies 2015	8,813,173
Expenditures 2015:	
Indemnity (316 Recipients)	5,169,308
Prosthetics (76 Recipients)	1,402,237
Administrative Fees	107,926
SWCAP-Statewide Cost Allocation Plan	<u>2,220</u>
Total	6,681,691
Available Fund Balance 12/28/2015	2,131,482

2015 Assessment Factors

Indemnity (3 month expense)	1,380,510
Prosthetics (3 month expense)	<u>793,246</u>
Total Prudent Reserve	2,173,756
Estimated Expenditures	
Indemnity	5,376,080
Prosthetics	1,458,326
Administrative Fees	107,926
SWCAP-Statewide Cost Allocation Plan	<u>1,549</u>
Projected Expenditures	6,943,881
Estimated Need	9,117,637
12/31/2015 Available Fund Balance	-2,131,482
Final Assessment Amount	<u>6,986,155</u>

* 7.4.2.1 State-Wide Cost Allocation Plan (SWCAP)

Reported and Historical Data Utilized in Assessment of Fund

(Reported in dollars)

Reported by ICRB for 2014:

Total Losses Paid	416,215,000
Total Premiums Written	847,794,000

Reported by ICRB for 2013:

Total Losses Paid	457,915,000
Total Premiums Written	829,907,000

Reported by ICRB for 2012:

Total Losses Paid	445,461,000
Total Premiums Written	782,614,000

Reported by ICRB for 2011:

Total Losses Paid	436,329,000
Total Premiums Written	692,820,000

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Self-Insured Factors 2014:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 14,341,345        |
| Total Medical Paid         | <u>50,020,132</u> |
| Total Self Insured Factors | 64,361,477        |

Self-Insured Factors 2013:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 14,779,695        |
| Total Medical Paid         | <u>51,710,746</u> |
| Total Self Insured Factors | 66,490,441        |

Self-Insured Factors 2012:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 18,066,780        |
| Total Medical Paid         | <u>43,575,323</u> |
| Total Self Insured Factors | 61,642,103        |

Self-Insured Factors 2011:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 21,016,610        |
| Total Medical Paid         | <u>56,316,103</u> |
| Total Self Insured Factors | 77,332,713        |

**Historical Second Injury Fund Data re.**

**Total Expenditures Reported By the WCB**

**(Reported in dollars)**

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2014                |           |
| Prosthetics (79 Recipients) | 1,298,573 |
| Indemnity (325 Recipients)  | 5,143,074 |
| Jan/Dec 2013                |           |
| Prosthetics (65 Recipients) | 780,300   |
| Indemnity (312 Recipients)  | 4,794,848 |
| Jan/Dec 2012                |           |
| Prosthetics (68 Recipients) | 1,019,258 |
| Indemnity (302 Recipients)  | 4,735,990 |
| Jan/Dec 2011                |           |
| Prosthetics (67 Recipients) | 585,801   |
| Indemnity (293 Recipients)  | 4,375,287 |
| Jan/Dec 2010                |           |
| Prosthetics (62 Recipients) | 561,247   |
| Indemnity (291 Recipients)  | 4,227,113 |
| Jan/Dec 2009                |           |
| Prosthetics (63 Recipients) | 624,711   |
| Indemnity (289 Recipients)  | 4,099,537 |
| Jan/Dec 2008                |           |
| Prosthetics (50 Recipients) | 527,506   |
| Indemnity (281 Recipients)  | 3,413,452 |
| Jan/Dec 2007                |           |
| Prosthetics (53 Recipients) | 539,340   |
| Indemnity (271 Recipients)  | 3,539,032 |